

STATEMENT OF CARL BLAKE
ASSOCIATE EXECUTIVE DIRECTOR FOR GOVERNMENT RELATIONS
PARALYZED VETERANS OF AMERICA
ON BEHALF OF
THE CO-AUTHORS OF THE INDEPENDENT BUDGET
FOR THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
CONCERNING
THE INDEPENDENT BUDGET
AND THE DEPARTMENT OF VETERANS AFFAIRS BUDGET
FOR FISCAL YEAR 2016

FEBRUARY 11, 2015

Chairman Miller, Ranking Member Brown, and members of the Committee, on behalf of the co-authors of *The Independent Budget* (IB)—AMVETS, DAV (Disabled American Veterans), Paralyzed Veterans of America (PVA), and Veterans of Foreign Wars (VFW), I am pleased to present the views of *The Independent Budget* (IB) regarding the funding requirements for the Department of Veterans Affairs (VA) for FY 2016 and advance appropriations for FY 2017. The IB veterans service organizations (IBVSO) released our report *The Independent Budget* for the Department of Veterans Affairs for FY 2016 and FY 2017 just last week. We would ask to make that complete report part of the official hearing record.

The IBVSOs believe that the VA's budget request is largely a very good budget. We appreciate the fact that VA appears to have made an honest assessment and revision to the medical care accounts for FY 2016. We have continuously stressed our belief that the amounts provided through advance appropriations would be insufficient to meet full demand for health care services. We encourage the Committee to give serious consideration to these revisions and we will be calling on the House Committee on Appropriations to address the shortfall that was previously approved through advance appropriations.

With this in mind, the IBVSOs recommend approximately \$63.3 billion for total medical care for FY 2016. The VA has revised its estimated resource need for total medical care for FY 2016 from \$61.9 billion to now approximately \$63.2 billion. We believe the VA's recommendation is a very sound recommendation based on projected demand for health care services inside the VA while also allowing veterans to access necessary services outside of the VA when appropriate.

The IBVSOs also believe that the FY 2017 advance appropriations recommendation reflects a more accurate view of the resource needs in the future. For too long, we have complained that the VA has underestimated projected utilization and overprojected medical care collections and efficiencies in order to hold down its funding requests. The long term result of such a policy is the massive access problems and the long waiting lists that have come to light in the last year. The VA's budget recommendations for FY 2017 finally begin to correct those failures.

For FY 2017 the IBVSOs recommend approximately \$66.4 billion for total medical care. Meanwhile, the VA has recommended approximately \$66.6 billion. We believe the VA's recommendations validate the position that the IB has taken for many years on the need for sufficient resources to provide timely, quality care without concern for political agendas or posturing. Despite the closeness of our recommendations, the IB is an independent assessment of the VA budget requirements developed before the Administration released its Budget Request.

The IBVSOs are also pleased to see that the Administration has committed significant new resources to other program accounts of the VA. Notably, the VA recommends an increase in Medical and Prosthetic Research to approximately \$622 million. This recommendation actually

exceeds the recommendation of the IBVSOs—\$619 million—for research. The VA research program is a jewel within the VA that we support without hesitation or reservation. Research is a vital part of veterans’ health care, and an essential mission for our national health care system. This significant increase in research dollars has been long-needed, and we applaud the Administration for taking this step.

The Independent Budget also includes significant increases in funding for the Veterans Benefits Administration (VBA)—approximately \$2.8 billion, more than \$250 million over FY 2015—and for the Board of Veterans Appeals (Board)—approximately \$118 million, nearly \$20 million more than FY2015. The Administration has recommended approximately \$2.7 billion for VBA and approximately \$108 million for the Board. Our recommendations include significant increases in additional full-time equivalent employees (FTEE) for the Compensation program, the Vocational Rehabilitation & Employment program, and the Board. These staff increases are critical to continue to work towards a long-term reduction in claims for benefits and to address the ever-growing number of appeals being brought before the Board. We would note that under the Administration’s budget proposal for FY 2016, the Board would be required to decrease the number of employees working on appeals because the apparent increase in funding results from an accounting change, not increased resources. At a time when the appeals backlog is growing, it is imperative that the Board be provided increased resources to begin to address that backlog and resolve appeals in a timely manner.

The IBVSOs would also offer some concerns that we see with the Administration budget. *The Independent Budget* recommendations focus on recommendations at the point of service, but we believe that administrative costs across the board must continue to be reined in. We would highlight the clear differences between our recommendations for such line items as Medical Support and Compliance, General Administration and Information Technology (IT) to affirm this point. These line items focus a great deal of resources on administrative support, and all three of these accounts reflect significant increases in resources for FY 2016 and in the FY 2017 advance appropriations for Medical Support and Compliance. We encourage the Committee to do a thorough analysis of those accounts specifically to ensure that dollars appropriated for those accounts are allocated efficiently and effectively.

Without question, the area of the VA budget that is under perhaps the greatest scrutiny, and deservedly so, is the infrastructure accounts. This includes large portions of the Medical Facilities account, Major and Minor Construction, Grants for State Extended Care Facilities (State Homes) and Grants for State Veterans Cemeteries. There is no doubt that VA construction and contract management has been a disaster. And the only people to suffer the consequences of these failures are veterans seeking care. But none of this changes the fact that the VA has a huge backlog of projects that are at various stages from initial planning to near completion.

The areas that concern the IBVSOs the most are funding for Non-Recurring Maintenance (NRM) as a part of the Medical Facilities account as well as funding for the massive project backlog in the Major and Minor construction accounts. With regards to NRM, the VA projects a resource need of approximately \$700 million for FY 2016. While we appreciate that this is a substantial increase over the original projection (\$460 million), this amount does not go far enough to address NRM needs. Recent performance shows that the VA has averaged approximately \$1.3 billion for actual NRM expenditures despite requesting only about one third of this amount over the previous three fiscal years. This fact suggests that VA is taking money from other medical care accounts (or other discretionary appropriations) to meet NRM requirements. This is completely unacceptable. We strongly urge the Committee to ensure that this problem is addressed in its Views & Estimates.

In 2004, the VA health care system operated at 80 percent capacity for access to services; today that operating capacity stands at 115 percent. There are currently 38 Major construction projects that are partially funded, with a price tag of \$5 billion to complete work on those projects. In order to close all Major construction funding gaps, the VA estimates that it will need to invest between \$11 billion and \$13 billion over the next 10 years. The IB believes that the VA absolutely must request and Congress must fund the Major construction account at a level that will close all existing and identified future gaps in access, utilization and safety in a timely manner.

Similarly, the VA has identified more than 600 unfinished projects that will need minor construction funding to complete. In order to close these gaps and unidentified future gaps, the

VA will need to invest between \$7.5 billion and \$9 billion for Minor Construction. The majority of veterans enrolled in VA health care receive their care at VA facilities. A VA budget that does not adequately fund facility maintenance and construction will most certainly reduce the timeliness and quality of care veterans receive.

We also want to highlight our concern about the funding level proposed by the Administration for State Home Construction Grants, which is a federal-state matching grant program. The number of pending grant requests by State Homes rose again this fiscal year to almost \$1 billion, with more than \$400 million in Priority Group List 1, which includes those addressing life and safety issues and those which have already secured the required state matching funds. Yet the Administration requests only \$80 million for FY 2016, an 11% decrease from last year's \$90 million, and less than half what the program received just five years ago. With State Homes providing more than half of all long term care beds for veterans, we urge Congress to consider our recommended funding level of \$200 million, which would cover just about half of the pending Priority Group 1 projects.

We encourage the Committee to scrutinize the VA's budget with vigor. However, we believe that honest analysis will show that these are the resource needs of VA. As such, we believe that the real focus of the Committee should be on scrutinizing how the VA spends these critically needed resources. It is imperative that these dollars ensure that veterans receive timely, quality health care and claims decisions that are right the first time.

Mr. Chairman, I would like to thank you once again for the opportunity to testify. We would be happy to answer any questions that you might have.

Information Required by Rule XI 2(g)(4) of the House of Representatives

Pursuant to Rule XI 2(g)(4) of the House of Representatives, the following information is provided regarding federal grants and contracts.

Fiscal Year 2014

No federal grants or contracts received.

Fiscal Year 2013

National Council on Disability — Contract for Services — \$35,000.

Disclosure of Foreign Payments

Paralyzed Veterans of America is largely supported by donations from the general public. However, in some very rare cases we receive direct donations from foreign nationals. In addition, we receive funding from corporations and foundations which in some cases are U.S. subsidiaries of non-U.S. companies.

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Carl Blake is the Associate Executive Director for Government Relations for Paralyzed Veterans of America (PVA) at PVA's National Office in Washington, D.C. He is responsible for the planning, coordination, and implementation of PVA's National Legislative and Advocacy Program agendas with the United States Congress and federal departments and agencies. He develops and executes PVA's Washington agenda in areas of budget, appropriations, health care, and veterans' benefits issues, as well as disability civil rights. He also represents PVA to federal agencies including the Department of Defense, Department of Labor, Small Business Administration, the Department of Transportation, Department of Justice, and the Office of Personnel Management. He coordinates all activities with PVA's Association of Chapter Government Relations Directors as well with PVA's Executive Committee, Board of Directors, and senior leadership.

Carl was raised in Woodford, Virginia. He attended the United States Military Academy at West Point, New York. He received a Bachelor of Science Degree from the Military Academy in May 1998.

Upon graduation from the Military Academy, he was commissioned as a Second Lieutenant in the Infantry in the United States Army. He was assigned to the 2nd Battalion, 504th Parachute Infantry Regiment (1st Brigade) of the 82nd Airborne Division at Fort Bragg, North Carolina. He graduated from Infantry Officer Basic Course, U.S. Army Ranger School, U.S. Army Airborne School, and Air Assault School. His awards include the Army Commendation Medal, Expert Infantryman's Badge, and German Parachutist Badge. Carl retired from the military in October 2000 due to injuries suffered during a parachute training exercise.

Carl is a member of the Virginia-Mid-Atlantic chapter of the Paralyzed Veterans of America.

Carl lives in Fredericksburg, Virginia with his wife Venus, son Jonathan and daughter Brooke.